



We create chemistry

BASF India Limited, Mumbai - 400 079, India

November 27, 2024

The Market Operations
Department BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

Name of the Company : BASF INDIA LIMITED

Security Code No. : 500042

Dear Sir/Madam,

Re: Analyst / Fund Managers Meeting of BASF India Limited.

We enclose herewith the transcript of the Analysts / Fund Managers Meet of BASF India Ltd, held on November 21, 2024 at 4 p.m., for your information & records.

Please treat the above information as intimation under Regulation 30 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Thanking You,

Yours faithfully,

For BASF India Limited

Manohar Kamath
Director – Legal, General Counsel (India)
& Company Secretary

Pankaj Bahl
Senior Manager- Legal & Secretarial

Cc: Listing Compliance,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block-G,
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Transcript of the Analyst / Fund Managers Meeting of BASF India Limited – November 21, 2024

Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:

We have here with us Mr. Alexander Gerding, our Managing Director, Mr. Narendranath J Baliga, our CFO and Anil Choudhary, our Manufacturing Head & Whole-time Director.

Today we will have a presentation from Alexander and Narendranath on the financial performance of the Company for the quarter and half year ended 30th September 2024 and related topics followed by a question-and-answer session.

All the participants are requested to note that the meeting will be recorded and the audio video recording of this meeting together with the presentation and the meeting transcript will be uploaded on the company's website and also submitted to the stock exchanges.

For the smooth conduct of the meeting: -

- All of you will be placed on mute during the presentation.
- During the question-and-answer sessions we have received a few names of people who would like to speak and they will be asking their questions first and thereafter people who are online and you wish to ask some questions may please raise their hand by clicking the raise hand icon on the Microsoft teams page.

I also request all the speakers to be brief while asking the questions and queries.

I request Alexander and Narendranath to please take this forward.

Mr. Alexander Gerding – Managing Director, BASF India Limited:

Thank you, Manohar, and very warm welcome also from my side to all the analysts and fund managers, who joined us today. As every meeting just some preliminary forward-looking cautionary statements so we only discuss matters that are in the public domain, and we do not provide any forecast or give guidance of future business results and outlook. We start every meeting with a safety moment so I would also like to start here, as you know every August we have our Global Safety Weeks, where we do awareness activities and trainings in all our sites and here you see a picture of our Mangalore site now this translates also into our safety performance and I'm very happy to share that we have had no high severity incident year to date as of October 2024. We also did not have any lost time injury this year we did have though two process safety incidents but there was no operator exposure, no environmental impact and remedial measures have been immediately implemented um we I'm also happy to share that we continue to focus strongly on the leading safety indicator so near misses so near Miss reporting is gradually increasing which is a good indicator that we have a very safe environment so I I'm I want to congratulate here again all of our sites for this excellent safety track record.

Our ambition obviously is to keep it when we look at the macroeconomic situation in India if you look on the left-and side it has not substantially changed I mean GDP growth continues to be very robust uh between 6.5 and 7% we do see a slightly higher inflation um RBI interest rate remains for the time being at the same level purchasing manager index is very high and stays high and also consumer confidence so in a nutshell the momentum India when it comes to economic robustness and growth remains there if you look on the right hand side into the different Industries automotive industry continues to show growth I mean projection for passenger vehicles is around 4% in 2024 post-election

time there was a little bit of a muted market there was quite some retail inventory of passenger vehicles yeah but we see that that is also now picking up again also post-election construction momentum picked up again but then we also had a prolonged monsoon with heavy rains which also had an impact especially if we look at the agricultural season the pest pressure on the major Market which is the insecticide Market was lower and there were less insecticide applications when it comes to fast moving consumer good and nonfood related items um I think the farmer segment which is heavily dependent also on export sales given the economic situation in other parts of the world which is sub dupe has certainly been impacted but you know when we look at rural demand rural demand has been quite strong Urban demand has been slightly muted so it's sort of mixed picture on the FMCG side we do see continued pressure in the chemical sector so over capacities that have been built over the years in China with the slow economic recovery that we see in China a lot of those products end up in exports including also impacting India Imports yeah so overall I think a strong robustness of the economy growth momentum is there slightly differentiated if you look at industry by industry and with that I head over to Naren to walk us through financials.

Mr. Narendranath J. Baliga, Chief Financial Officer

Thanks Alex good afternoon everyone so let's see the financial performance of BASF India limited this is the April to September first half year in BASF we have six segments Agrochemical is one segment agricultural Solutions what we call and then there are five other segments each one having two operating divisions in them so Materials, Industrial Solutions, Surface Technology, Nutrition and Care and Chemicals, when you see the pie chart out of the 88,20 crores almost one third is from our materials segment and it covers both performance materials and monomers and then the second biggest one is nutrition and care which has 18% share and closely followed by agricultural solution ions 17% and then by industrial Solutions and chemicals so the takeaway from this slide is the well Diversified portfolio of BASF where all the six segments of BASF Global exist in India and we sell a significant amount in each of the segments coming to the financial performance yeah quarterly this is what we released some time back for the July September quarter the top line has grown by 15% and of that 12% is from volume growth and 3% is price increase so very strong performance both increasing the volume and price simultaneously is a difficult task and the business units have done a great job in showing that pricing Power by increasing uh the prices also when the volumes are going up of that 15% around 300 crore is from the Material segment so it has been a strong performance later also we see how materials is contributing to the overall growth 300 crore say is from additional sales from Materials this is additional I'm talking yeah over and above what we did in the six months of three months of last year this is additional 300 crores we have for this year from Material segment coming to profit before tax before exceptional items uh again 15% lower I mean compared to the 15% higher sales unfortunately the PBT is lower by 15% mainly due to uh increased input cost of agro and also industrial solution segment and we'll cover that in the later part coming to the six months results half yearly from April to September 16% growth thereof 17% volume growth yeah for that 6 months we have 17% volume growth though there's some price pressure that Alex explained in the earlier slide that's generally felt in the industry but the volume growth of 17% has helped us show a 16% growth in sales again here around 600 crores is the additional contribution by Materials Division to the Top Line. This is additional again what we did in last year six months over and above that another 600 crores has been added by Material segment on the PBT 29% increase and June was an exceptionally good quarter for us as compared to that September is not that strong but then again together almost 30% increase in PBT and here again materials has contributed around 100 crores additional PBT so across the board we can see both Agro and materials Department doing well on a six monthly basis this chart shows the quarterly numbers for the last Financial year 2023-24 and two quarters of this Financial year.

The dark blue is last year June 2023 to March 2024 and then the light blue is June and September 2024 compared to the 3,700 crores we had sales in September 23 that has like I said has gone up by 15% and for the first time we have a sales above 4,000 crores so 4,248 last year it was around 300 crores if you see the dark blue bars and now we have 4,200 crores in September after again a very strong June quarter together the first half year we have a 16% growth like I said in the earlier slide coming on to the right side PBT before exceptional item Rs. 200 crores was our September 2023 uh PBT and compared to that there's a 15% reduction like I showed in the earlier slide 171 crores impacted mainly by agro and Industrial Solutions and June 2024 again was a very strong quarter with Agro doing extremely well compared to that a 40% decrease in PBT we have seen at the same time what is worth remembering is it's a Agro uh when it comes to Agro season it is generally spread between June and September quarters so taking one quarter and comparing it the same with other quarter does not uh give a true picture it's 6 months vs a 6 months and when you see that 352 crores has become 454 crores PBT so very strong performance even in the bottom line net working capital development the dark / blue bars are accounts receivable light blue bar is inventory and the grey one at the bottom is accounts payable and the line at the top the gold / yellow line is the networking Capital so compared to the immediately previous two quarters the working capital has gone up and if you remember uh in one of the last analyst call I had said we need to preserve cash because we expect working capital to go up with operations going up significantly and we wanted to finance that with internal accrual and that we have been able to do here without borrowing from the banks we have been able to finance it internally and keep the inventories and receivables low at a good measure compared to immediately previous quarter it's a slight increase but uh compared to March you can see there's a Rs. 450 crores kind of an increase and that has been financed internally that's the big significant jump in networking capital but all managed internet half year ended September 2024 this is the sales numbers agriculture solution had a very good year last year 6 months 1,229 crores that's you see at the bottom table compared to that it's, 1400 crores around 177 crores higher compared to last year so already a very good performance like last year materials is a star performer around 600 crores increase in sales and here both our Monomers Division and Performance Material both have contributed to this Top Line industrial solution. Top Line has grown but the bottom line is under pressure so that we see in the next slide but Top Line has grown by Rs. 230 crores 237 crores whereas Surface Technologies where we have our Coatings and Catalyst has around 100 crores less but it's a very small um business so not significant in terms of creating any adverse impact nutrition and Care is up and chemicals again is around 200 crores up so overall from Rs. 7,000 crores we have grown to Rs. 8,200 crores is 16% increase results this is the PBT compared to Rs. 352 crores of last year we have Rs. 454 crores again agriculture solution had a difficult year with a higher input cost and change in product mix and all that put a lot of pressure on the bottom line and we have come down by Rs. 61 crore so a Rs. 310 crore was what we earned last year here compared to that it's around Rs. 249 crores this month's materials like I said is a very strong performer from 15 crores it has gone up to Rs. 110 crores contributing Rs. 95 crores to the bottom line industrial solution surface technology are marginally lower but nutrition and Care chemicals have contributed well so overall it's a very strong year for us more than Rs. 100 crores of increase in PBT in the six months compared to same period last year coming to receivables this is in number of days 63 days so as usual we maintain receivables and inventory very strictly and any increases immediately looked upon and brought down so 63 days receivable especially when our terms are around 60 days is not really a bad uh number to have but still there is a scope to reduce it by a day or two which we will be doing in the December quarter it's ongoing work inventory 60 days of inventory since we import a lot almost 75 to 80% of our raw materials are imported and merchandise is also imported so all that is to be taken care and hence we have a little higher inventory of 60 days but then in my opinion that's a very good position to have because we don't want to lose on any opportunities whenever the demand comes up so we maintain that balance very well business units have done very well in that regard cash flow from operations you

are used to seeing our cash flow at positive 300 400 500 crores but this time because of the increased in the working capital requirement because of increased operations we have negative minus 8 crores of cash flow from operating expenses this is all expenses other than cost of goods sold other than cost of goods sold all expenses despite being a inflationary environment we have brought it down by 0.2% yeah it's 11.5% so very well controlled fixed cost situation AIT before special item is 5.6% again better than last year same period and ROCE is a strong 14.3% worth highlighting is this is not annualized this ROCE is for the six months so 14.3% not annualized similarly just to see what would be the situation if we exclude the surplus cash and if we exclude the interest received on that surplus cash return on net operating results it is 18.6% so we keep track of that also so that only the interest income does not change the scenario and we should not be misled there so ROCE as usual calculation is 14.3% but return on net operating assets is 18.6% 4% more than last year a bit before special item again all the three are not annualized ROCE, ROA and EPS before exceptional item all three are not annualized very strong 78 rupees per share as compared to 60 rupees last year so overall very strong performance for the six months and let's see how the next uh period continues. I hand over to Alex for the next updates

Mr. Alexander Gerding – Managing Director, BASF India Limited:

Thank you Naren and again also from my side here a big shout out to the entire teams to all the businesses all the sites all the service units for the six-month very strong performance we continue our profitable growth momentum and it's very visible and at the same time also you know we continue to observe and monitor and keep under control also our costing and our working capital now a few like always a few updates, these are not all encompassing you know we have any more examples but just to give you a little bit of a flavor what has happened since the last analyst conference so last time I showed a picture which was still a building under construction so here you see the final building so we continue to strengthen our development capabilities this is a polyurethane technical Development Center in Mumbai, where we have a state-of-the-art equipment it's 2,000 square meters and these are technologies that we can showcase to our customers we can troubleshoot we can train and we can also provide customized Solutions here and some of our customers already visited this lab and have been very impressed this is catering to many different Industries I mean construction, industry transportation industry Footwear industry Furniture industry Appliance industry so it's a very nice addition to our capabilities and it's in Thane site in Mumbai. We also continue to expand our production capacity so on the left-hand side um you know we are increasing our polyamide compounding capacities by 40% both in Panoli and Thane and this is also catering to our performance materials division which has had a very strong growth momentum and we're expanding our assets here on the right hand side we're also tapping into new business opportunities. You see the construction of an alkaline surfactants side in Gujarat which is intended for enhanced oil recovery so mature oil wells will be able to have better oil recovery with our uh applications and this is a new business will be a new business for us we continue to deepen our connect also with industry and associations so on the left hand side you see your participation um in the pet conference on the right hand side India Chem Expo India actually hosted this year the Asia Pacific Conference of German businesses at the end of October where also The Honorable Prime Minister Modi attended and addressed the delegation and also our Chancellor from Germany addressed the delegation and our group CEO Marcus Kamieth came to India so also improving strengthening the ties between India and Germany we intensify our engagement with key customers Automotive segment is 15 to 20% of our business in BASF India limited and you see here Mahindra Tata Hyundai and also a battery show that the team hosted beginning of October all very important engagements with a key customers in the automotive segment which also translates into recognitions here we have been awarded by Tata Motors an award for Innovation and Technology Excellence for the successful launch of our high solids technology reducing volatile organic components emissions by about 35% so adding from a sustainability perspective

reducing also our solvents in this technology so a nice recognition from a key customer like Tata we continue to do outreach also in the communities we serve as you know BASF kids lab we started last year to inspire kids to become Climate Champions coming from underprivileged backgrounds we started in Mumbai then transition to Mangalore and here you see a picture of Bangalore where more than 2,000 children went through a kids lab getting them closer to chemistry excited about chemistry and preparing the new generations to come into the chemical industry hopefully so all together we can say between Mumbai Mangalore and Bangalore we've inspired more than 4,500 kids in the last year we also support water stressed areas and here's an example in Maharashtra in three villages where we actually created this canal that you see on the right hand side um making sure that water is conserved and then deployed to the agricultural fields next to it and this enables actually to increase the livelihoods of 5,000 families in these three villages and also enable the farmers to sow a second crop these are also part of our CSR initiatives we also partner with Academia and Industry to upskill and promote diversity and inclusion in the chemical industry we have to make the chemical industry more attractive also to female talents and I'm happy to share that this is now the second batch of this program recently graduated and actually the third batch already started and with all three batches more than graduates bachelors and Masters of Science of chemistry females coming from underprivileged backgrounds went through this program and the majority of the first and second batch were placed in the industry in the chemical industry either through internships or full-time employment so very happy to see that we're also together with the industry together with key academic institutions like Somaya University in this case increasing the diversity in the chemical industry we also recently moved to on new office actually we're here today hosting this analyst conference from on new office at Godrej One in Vikhroli this is a state-of-the-art future of work office which really enables stronger collaboration more creativity more connectedness and also stronger motivation of the teams and also being an attractive employer for future generations with that I would like to close by mentioning our Focus areas so one on the left hand side we have to first and foremost maintain to and continue our very strong safety track record second we have to continue to sustain our profitable growth maintain a high asset utilization and improve our margin management and with that also control our working capital as Naren has described we continue to drive sustainability measures across all sites and in the country when it comes to external stakeholder engagement we will continue to intensify our engagement with key business partner be customers but also suppliers and drive a strong voice in the industry also when it comes to advocacy efforts and we'll continue to do community outreach also around our CSR initiatives and we want to be a strong employer of choice and focus also on our people mentioned one example is on new office which increases motivation we have to fortify our talent Pipeline and promote diversity and inclusion as mentioned with the example so with that I want to thank you all for your attention thank you Naren as well and Manohar and Anil and we're opening up for questions looking forward to it thanks

Mr. Manohar Kamath, Director – Legal, General Counsel (India) & Company Secretary

Thanks Alex, I would request all our speakers online if there are any questions you can post it in the chat or you can raise your hand and we will definitely give you an opportunity to speak and ask your questions we already have the first speaker is Mr. Rohit Nagraj from Centrum Broking.

Mr. Rohit Nagraj, Centrum Broking

Hi good afternoon I hope I am audible. yes very well please go ahead thank you, so much thanks for the opportunity so first question is on the agrochemical, we've seen that the last couple of years Exponus® has been doing extremely well for us and we launched Efficco® during the season how has been the broader performance of both these product during the first half and just to give a get a perspective on the overall industry what is your thought in terms of the overall industry dynamics currently and I mean in terms of the inventories in the system and our inventories in the system thank

Mr. Alexander Gerding – Managing Director, BASF India Limited:

Thank You Rohit for that question. I hope that I got you right it's about Exponus so the agricultural market and inventories there as well so first I'm happy to share that our market share growth in the insecticide segment which as you know is a largest segment when it comes to crop protection round 50% of the market over the last few years since the launch of Exponus has been very solid. We've been able to gain market share from almost close to zero to today almost close to 5% yeah with Exponus but then also as you know we have also launched Efficon and actually two more insecticides there AI together four insecticide launches in the last two to three years has enabled us to make inroads in the most important segment most important Market um insecticides what we see this season and I've mentioned it a little bit on the macro slide we have seen that especially in central India Western India Southern India there has been excessive rains and extended Monsoon whereas in the North and East it has been rather dry yeah so it's been sort of a mixed picture this year in the country and that has also led to less insecticide applications yeah especially in the central western and southern part of India so that is that is felt uh when you look at the insecticide market and obviously we have felt it as well yeah having said that though these additional rains have also led to a situation where most of the reservoirs we have more than 150 reservoirs in India are quite well filled yeah above average so when it comes to uh the rabie season I think reservoir levels are good moisture on the ground should be good especially in those areas that received quite some rains yeah so it's sort of yes there has been an impact on the on the insecticide market but you know although we don't make forward-looking statements uh you know. I'm cautiously optimistic that going into the rabie season now monsoon and reservoir levels are quite positive yeah so that's a little bit on the overall context and our specific performance when it comes to insecticide development, difficult to mention the channel inventory, I mean I can't speak for our competitors what I can tell you is that obviously we always have a very strong eye on this situation when it comes to working capital as well and we feel confident that with the portfolio that we have with the current rabie expectations that we see um we'll continue to have a strong development also moving forward.

Mr. Rohit Nagraj, Centrum Broking

Thanks that's really helpful. My second question for the chemical industry so how are we looking at from the China dumping perspective today from the current situations and question to that is from the pricing perspective are the prices more or less bottomed out and what could be the feelers for the prices to go up you know from your broader perspective, Thank you.

Mr. Alexander Gerding, Managing Director

Yeah, thank you for that question Rohit, I mean the chinese situation see, it's difficult to make predictions here as well what we have observed is there hasn't been really a sustained significant recovery when it comes to consumption in China right, I mean people are saving more I think the government in China is trying to support and stimulate the market remains to be seen if this stimulation is going to be a lasting and sustained effect in the market but we have not really seen a substantial recovery in China which then means that the over capacities that have been built and continue to be built in China, those capacities somehow and the volumes that are produced with those capacities have to end somewhere right so this is why it's very difficult to see that the pricing pressure especially in the chemicals segment, I think we have seen the material segment as also Naren explained I mean the material segment has done very well both performance materials and monomers but the chemical segment is still especially when it comes to petrochemicals under quite some pricing pressure and I don't see this really improving substantially yeah but I hope that you know the markets also in China will eventually pick up again, I mean there is GDP growth in China but it's not it's not really to a level

where it was before and the market is still quite impacted by that yeah but that's a bit you know my answer to that to that question yeah thanks a lot for answering person all the best thanks Rohit

Mr. Anshum Nadecha, Bryanstone Investments

Am I audible now yes please go ahead yeah hi Alex hi Manohar hi Naren I think it's great interacting with you over a period of time, I have few questions the first one is on the agri side so I missed initial five minutes of the presentation so please pardon me if some of these questions you have already answered but if I look at last six to eight quarters, I mean we have seen very significant improved margin for the agri segment especially with for the quarters which are seasonally strong quarters and I think on the last call you did mention that you know you continue to focus on profitability steering better product mix shifting from low margin products to new Innovative products then again you alluded to the insecticide segment wherein you have had good launches. You also said in the past that you have been very cautious in pushing inventory in the system due to erratic monsoons now when I look all at all these factors and when I look at the seasonality I think last three four years we have never seen a seasonally strong water report so significant downturns in margin, I mean Q1 and Q2 are typically static in terms of margins on the agri side and this score year it has been very different and I mean Q1 and Q2 has been contrast in terms of margins so I just wanted to understand what went wrong in this particular quarter so that you had a significant dent in the margin and as I have asked in the past as well how should we look at margins on the agri side in the near term and structurally in the medium term so that's the first question.

Mr. Alexander Gerding, Managing Director, Mr. Narendranath J. Baliga, Chief Financial Officer

Okay Anshum, thanks a lot and again when you look at the agri performance, you know it's important to look a little bit over time right, I understand that the specific question is now this most recent quarter but I think as also Naren said you have to look at the performance over time so if you look at six-month performance and especially also over the years I think you know the team has done very well to expand the portfolio launch Innovations and as you also said you know ensure the quality of the business being very solid and healthy as we expand also our market share in the in the country having said that what I mean what we experience now in this in this last quarter is there was a product mix effect on the one hand side but also higher input cost and you know as mentioned you know the I think the expectation going into the season you know was that you would have a good monsoon and what we realized is that the situation was sort of a mixed bag again central western and Southern India very heavy rains which led to the insecticide Market sort of being impacted by that and insecticide sprays two to three less insecticide sprays and then a very dry north and east so obviously that has impacted also not only the market but also our situation when it comes to insecticides and that's what you see reflected there but having said that I think if and again I don't make any predictions for the future but I think the portfolio we have now with the insecticide launchers we've had recently with the fungicide fungicides that we have in the portfolio with the herbicides we have in the portfolio is very solid is robust it's balanced and you we believe that we will continue to be able to um have a very strong position in the market and continue to expand our Market presence and share also moving forward and that's in the focus while at the same time obviously making sure that we continue a very heavy eye on our profitability and our working capital situation so that's what I would say Anshum to answer you and add to what Alex said Anshum, June was exceptionally good quarter of course but then September is not that bad a quarter we had a PBT percentage of 12% for the September quarter so if you take the six months together 18% PBT for Agro so it has been a very good six months very good season for us yes not comparable to the June quarter which was exceptionally good so again two things if I can ask in continuation of that particular question you did allude to erratic monsoons and the impact but when I look at the sales number on the agro side sales numbers have been very strong right so if I would have actually you

know had it been that kind of a thing logically to me sales would have been little lower but again I'm not questioning you know you've done a great job with margins just the volatility in last two quarters and when I look at last five six quarters the profitability has been generally higher so I mean 50% drop in profitability for a seasonally strong quarter is something which I could not understand while I got your points but still I mean if I do my math any business for the kind of business that you guys in do in agree I mean those things probably you know don't answer most of the part I mean why should it happen that way sorry for the reputation but I mean it's a valid question April - September 2023 the last 6 months of last year the margin was around PBT was around 25% as compared to that now it is 18% so there is a 6 percentage point drop in the PBT percentage for agro so that's a correct observation but what I'm saying is also that 18% is not a small number it's a very strong performance and the business unit has done very well at the top Line we have maintained but like Alex said the input costs have also gone up there's a product mix issue also all that put together slightly lower profitability but what your observation is correct and so to take it forward then little bit structurally where do we see margins I mean is 24% a better band or 18% more sustainable band how should we look at agro margins in medium term I'm not talking about one or two quarters right if I take say FY 26 if I look at F27 or you know sustainable margins where do we stand on agro side and it's difficult to answer I mean you know if we can predict also weather patterns you know we I think will not be sitting here I mean what I can tell you is if the insecticide market you know continues to develop, I mean we will continue to participate there and on average also it's a higher profitability that we generate when insecticides are strong given our innovations that we have we have launched, it's difficult and again we don't make forward-looking statements here but you know we have a clear ask also to the teams and our ambition is obviously to continue to grow profitably yeah and that's going to be our focus area.

Mr. Anshum Nadecha, Bryanstone Investments

Okay fair, enough fair so again on the second question related to agri, if you could help us understand a little bit about our product pipeline which is there in agri segment probably for the forthcoming year and how do we see it I mean we have launched two three very differentiated products in a year last few years so directionally do we see similar kind of product pipeline on the agri side in terms of new product launches and again in this context how would we our new product contribution to our top line probably this year and how do we expect it to be going forward

Mr. Alexander Gerding, Managing Director

Also there Anshum sorry that I cannot you know, do forward-looking uh statements here but what I can tell you is the product pipeline is strong on all fronts, I mean the innovation power that we've had in the agro division remains there and rice for example is a very important crop also from the an insecticide perspective I can tell you there will be there will be a portfolio enhancement in that segment as well in the next few years yeah so we'll continue to expand our portfolio and formulations and uses in the agricultural segment not only in insecticide but in all indications so that that will certainly continue when it comes to I mean our ambition is to continue to grow our market share and our presence in the country I mean we are now I mentioned around 5% market share and insecticides overall we're between 7 and 8% market share so obviously there's still there's still headroom for us to continue to expand our market share uh in agriculture so that is that is our ambition that's the ambition of the team while at the same time keeping a healthy sustainable and profitable development as well yeah so that's as much as I can say.

Mr. Anshum Nadecha, Bryanstone Investments

Thank you, I think that was great. Another question which is related to broader strategy, it is though it also pertains to agri, we spoke about BASF looking to steer agri segment, I mean differentiated steering for the agri business solutions, so has to enable us to compete against the pure plays like

Syngenta, Bayer Cropscience, etc. now last quarter if I understand correctly parent is talking about listing agri business separately at probably parent level so how it is likely to play out at the Indian entity level what will be the timelines if the same is to be done for the Indian entity. If you could throw some light on this and again this is directional question it is not something that I want you to forecast something about directionally how do we look at you know what happens to this segment

Mr. Alexander Gerding, Managing Director

Yeah thanks a lot for that question and you've been very observant of our announcements I mean we have announced a new strategy end of September globally where correctly as you mentioned differentiated steering is one Element and AP, the agricultural division is also part of it since as you also said you know we're competing in that segment more against pure play companies.

Yeah so which is a good thing that you know we are allowing the business increasingly to be differentiated meaning having different sets of KPIs different resource allocation based on the needs and also potentially a different ERP system moving forward yeah so this is all part of the differentiated steering project too. Early for me Anshum at this point to say concretely how it will look like in BASF India limited, I think we're working on that together with the headquarter on making sure that we take the right decisions here for the business for our shareholders and this is as much as I can say today.

Mr. Anshum Nadecha, Bryanstone Investments

Okay fair enough, the next question is again at the broader strategy level last year around the same time you spoke about a significant increase in activity level in terms of visit at the highest level from the parent to Indian entity and there was an expectation that it should result in some meaningful business opportunities for the Indian entity over a period of time but at the same time if I look at last 6 months there have been change in strategy from the parent side they have reduced the capex guidance significantly which was there earlier in the past and the KPIs have also shifted significantly in terms of a mix of roc's profitability and sales growth so given the interplays and the potentialities of opportunity especially on the electronic electrification and renewable sides in India where do we see meaningful opportunity to the Indian entity to drive capex say in next three to five years.

Mr. Alexander Gerding, Managing Director

yeah thanks a lot and and you're very observant as well I that's excellent so a few points here one is I mean we have been investing and I mentioned also some example we continue to invest in capex on the ground in India be it our Performance Materials Division, our dispersion division, you know multiple examples that we also shared today so capex investments continue to happen already now when it comes to our strategic direction, you might also have observed that you know what we see in the next 10 years 80% of the chemical market growth in the next 10 years will come from seven countries all seven countries in Asia, one of them being India a very strong one so if you have observed you know we have globally identified the BASF group has globally identified India as an advanced country what does that mean that means that our expectation is to grow above Market in India and to increase also our manufacturing and R&D capabilities in the country so Asia and specifically also India will certainly benefit long term from the group company's focus and direction moving forward um so that that's I think a positive signal and it it's another star that is aligning on you know I always said and I've mentioned this before the stars are aligning for India and also for BASF in India now some of these I what I can tell you is we have some projects under development but these take time to mature right ,I mean we don't especially potentially larger Investments you know we have to do the right investment at the right time at the right location with the right business case and this this takes time to mature within and ripe within the country within the business and Company so this is as much as I can say we have a clear expectation of BASF growth in India in the next 10 to 15 years we have some

interesting projects that we're working on but too early to announce anything here because you know we're working we're working on it yeah so that's as much as I can say.

Mr. Anshum Nadecha, Bryanstone Investments

Okay last two questions from my side, one is regarding your Inter Corporate Deposits that we have placed with BASF Catalysts, BASF Chemicals and some of the other entities of the parent and it's a significant amount given that we would be generating about Rs. 800 crore of an annualized basis just wanted to understand the broader thoughts around Capital allocation priorities because our business typically generates around 25% ROCE and giving this money to parent entities even though they group entities at 7.5% not sure that the best thing to do so if you could just share your thoughts around the capital allocation and the necessity for this particular thing

Mr. Narendranath J. Baliga, Chief Financial Officer

Thanks yeah you're right we have this Inter Corporate Deposits to the Group Companies in India but the intention is not to kind of finance them the intention is to deploy our surplus funds in the most productive manner so that we get better than what we get if we had placed it in a fixed deposit with the bank because these are short-term loans right I mean this is not for 10 years till we have an opportunity to deploy it we want it to be kept somewhere safe and as soon as we need the funds it should be available so these are kind of three-month deposits which gets renewed on a periodical basis so the situation today is we have some surplus funds and it has been placed with the entities the moment we need that we take the money back and then deploy it one example is the working capital situation which I described both receivables and inventory went up with the increase in operations and we could finance it from our internal cash generation we did not have to go to the bank because we just reduced the ICDs to the group companies and placed it with and finance the working capital.

Mr. Anshum Nadecha, Bryanstone Investments

So that way has the limited point which I want to make is see typically we have some surplus cash we'll be generating a good amount of cash I mean we have been generating and I don't see any reason why we can't generate Rs. 800 crores of cash each year from the business right and we have certain Capex plans that we have disclosed right that is the amount of typical capex that we do if I net this off right logically then the dividend should go up or there should be significant growth opportunities that should we should be talking about right so I think that is the bigger question to me in terms of capital allocation I mean how do you use Surplus cash which is on the treasury side is your discretion and I mean it will be wrong on my part to point towards that but my broader question is towards Capital allocation given the nature of the business the cash flows and our capex plans.

Mr. Alexander Gerding, Managing Director

Yes whenever the capex comes up and there's a need for cash this is the cash that will be deployed but I understand your point agree with that yeah and just to complement I mean you saw also working capital situation in cash flow situation that also Naren described on one of the slides right so when it comes to inventories when it comes to accounts receivables we are grow in growth mode right so we are growing uh you know 16% in the six month view we want to continue to enable the company and the businesses to grow and that's why the deployment of you know having sufficient funds also to manage working capital is key besides capex obviously.

Mr. Anshum Nadecha, Bryanstone Investments

Okay fair enough I mean it doesn't answer my questions but it gives me a certain perspective for sure uh last question and then I have couple of suggestions so it is too premature at this point in time but there are enough indications that we might see significant tariffs from us targeted at imports from China and other countries including India we also have a situation in China wherein there are surplus capacities and those things probably fail to die down in terms of dumping and incrementally when you take a five years view I think there could be some challenges there so again this us thing doesn't impact us there but it can have impact on market pricing both on RM and on the finished good side at the international level while some of the changes can be transitory for us in terms of price adjustments and inventory there could be some cases wherein it can be potentially little more structural impacts which could be there on the product side making certain products or finished goods little unsustainable are there any segments in our business with which potentially can get adversely impacted or vulnerable or is it too premature to be asking such a questions I mean how do you as a management react to some of those things which are going around.

Mr. Alexander Gerding, Managing Director

Yeah thank you Anshum for that question I mean it's very also there very difficult to predict what might happen with Trump, you know being the President Elect now in the US and taking office next year I think the India- US ties have been very strong I always look at the at the fundamentals of the of the market in India right I mean you have the largest population and aspiring population two-thirds of GDP is domestic consumption I think the domestic consumption will continue to rise which is always what we look at right because if we if we are locally present in India for active in India for more than 3 years Incorporated since the last 80 years we are catering to the local demand in the country right and I think this will remain robust also moving forward the situation and the and the potential as you mentioned the potential higher tariffs against China with a China plus one could actually be beneficial for India as well moving forward so I think there's probably positives and there's probably potentially negatives yeah it's very it's very difficult to predict this but um I remain convinced about the robustness of the consumption for the next 10 20 years I think this is India's time yeah um added to that also a political stability and continuity and confidence and Trust which will certainly also influence a foreign direct investment in India and with China plus one anyway so I'm what I'm trying to say is I'm quite confident in the future of India and we look at always when we look we look at long-term Trump will be President from four years yeah so um we look at long-term so our strategic imperatives remain intact um for the long run and India specifically

Mr. Anshum Nadecha, Bryanstone Investments

okay okay fair enough just a couple of suggestions I mean one thing which I've also spoken about in the past is we have kind of also hybrid meetings but I mean ever since you have been there we've just had virtual meetings and this is something I requested last time as well that we can have physical interactions those are much better that gives a better perspective we can have little elongated discussions as well on certain things so again a request that uh you know just keeping it in a virtual mode continuously I think that's a bigger thing second is on the guidance side I mean this is again something I have requested in the past parent has been very proactive in giving guidance and they have been doing it over years and at Indian entity level we have not been doing it so again a request that you know given the nature and complexity of the business you understand the nuances of the business much better than we can understand so I think that is one thing if you can do it will be very helpful for some of us who are uh probably invested and keep tracking BASF .

yeah thanks and should we acknowledge your comments yeah thank you thanks and last thing uh is I just wanted to understand how long you are there Alex you have done phenomenally well so we want you to be there for a longer term just a little bit of understanding about your term

Mr. Alexander Gerding, Managing Director

Here see I've the years to not make any predictions for the future but I can tell you I'm uh thank you for your comments and I'm very happy to be here I'm also staying here for a while entrance so there's no plans there is no plans for me changing for now but you know you never know in the future right I as long as we continue to do well I hope that I can also stay here.

Mr. Rohit Nagraj, Centrum Broking

Yeah thanks for the follow-up uh was two questions so one is again unfortunately happening on the agricultural solution part so you mentioned that we had challenges in terms of the raw material product uh was there any challenge even from the pricing front on some of the products and that has also led to an impact on the overall margins.

Mr. Alexander Gerding, Managing Director

Thank you I think I just repeat Rohit that it's a mixed situation so one is a product mix and second is higher input cost specifically affecting us in this last quarter but if you look at a again a longer term perspective and also year-over-year development we've done we've done quite well yeah um and I'm very confident of the you know the performance of the team also moving forward

Mr. Manohar Kamath, Director – Legal, General Counsel (India) & Company Secretary

Is there anyone else who has a question or any comment ask okay so that not being the case I

think thanks for all your questions and for patient listening to us and I wish you a very nice evening and thank you for your attendance and participation today thank you.

Looking forward to the next session thank you very much thanks